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**WHEREAS**, on May 9, 2018, the City Council authorized the adoption of the Comprehensive Housing Policy (CHP) by Resolution No. 18-0704, which was subsequently amended, most recently on May 11, 2022, by Resolution No. 22-0744; and

**WHEREAS**, on August 7, 2020, the City issued a Notice of Funding Availability (NOFA), as amended, in accordance with the CHP; and

**WHEREAS**, on April 12, 2023, the City Council adopted the Dallas Housing Policy 2033 (DHP33) to replace the CHP by Resolution No. 23-0443 and the Dallas Housing Resource Catalog (DHRC) to include the approved programs from the CHP by Resolution No. 23-0444; and

**WHEREAS**, the Department of Housing and Community Development continues operating its programs, previously authorized and adopted under the CHP, as restated in the DHRC; and

**WHEREAS**, Generation Housing Partners, LLC (Applicant) submitted an application for gap financing for a proposed acquisition and development of a 200-unit mixed-income multifamily complex known as HiLine at Illinois located at 4710 W Illinois Avenue, Dallas, Texas 75211, including 40 one-bedroom, 100 two-bedroom, and 60 three-bedroom units to include amenities (Project), and received a fundable Notice of Funding Availability score of 123 of 169 points; and a third-party underwriting review has been performed; and

**WHEREAS**, on February 14, 2024, following a public hearing, the City Council approved a Resolution of No Objection for Applicant for 4.00% Non-Competitive Low Income Housing Tax Credits for the Project, by Resolution No. 24-0289; and

**WHEREAS**, on March 27, 2024, the City Council authorized final adoption of Substantial Amendment No. 3 to the FY 2023-24 Action Plan to reprogram unspent prior year Community Development Block Grant (CDBG) Funds in the amount of \$4,500,000.00 from the Home Improvement & Preservation Program to the Residential Development Acquisition Loan Program, by Resolution No. 24-0494; and

**WHEREAS**, the City of Dallas Housing Finance Corporation (DHFC or Issuer) intends to issue multifamily residential mortgage revenue bonds in one or more series of tax-exempt bonds in an amount not to exceed \$35,000,000.00 (Bonds), the proceeds of which will be loaned to Applicant or its affiliate, TX Illinois 2024, Ltd. (collectively, the Borrower) to finance a portion of the cost of the construction of the Project; and

**WHEREAS**, Section 147(f) of the Internal Revenue Code of 1986, as amended (Code), requires that any issue of tax-exempt multifamily housing revenue bonds be approved,

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after a public hearing following reasonable public notice, by the applicable elected representative of the governmental unit on behalf of which such bonds are issued and having jurisdiction of the area in which the multifamily project is located; and

**WHEREAS**, the DHFC is a public instrumentality of the City of Dallas organized under the Texas Housing Finance Corporations Act, Chapter 394 of the Texas Local Government Code (Act), and the Act requires the City of Dallas to approve the issuance of the Bonds by the DHFC to finance the construction and development of a multifamily residential development to be owned by the DHFC; and

**WHEREAS**, on March 31, 2025, the DHFC published reasonable public notice of the Tax, Equity and Fiscal Responsibility Act (TEFRA) public hearing with respect to the Bonds and the Project in the *Dallas Morning News*, a newspaper of general circulation within the City of Dallas, and on April 7, 2025, the DHFC held the TEFRA public hearing; and

**WHEREAS**, the Borrower will provide modern security features to include a camera system and controlled access system in accordance with the NOFA criteria and the Office of Fair Housing Division recommendations to ensure a safe living environment for all residents and staff; and

**WHEREAS**, to assist in the affordable housing production goals established in the CHP, as restated in the DHRC, acting in furtherance of the City's governmental function, the City finds and determines that the following transaction should be entered into: **(1)** the City Council of the City of Dallas, acting as the applicable elected representative as defined by Section 147(f)(2)(E) of the Code, should approve the issuance of the Bonds issued by the DHFC, the proceeds of which will be loaned to the Borrower to finance a portion of the cost of the construction of the Project; **(2)** the City Council should approve of the application of the Act to the property on which the Project will be constructed and the use of proceeds of the Bonds issued pursuant to the Act to finance and construct the Project; **(3)** the City Manager should negotiate and execute a development loan agreement and security documents with the DHFC or affiliate(s) thereof in an amount not to exceed \$3,970,000.00 in CDBG Funds to purchase and own real property located at 4710 W Illinois Avenue, Dallas, Texas 75211 (Property); **and (4)** the City Manager should negotiate and execute a development loan agreement and security documents with the Borrower in an amount not to exceed \$2,980,000.00 in HOME Investment Partnership Program (HOME) Funds and \$3,970,000.00 in CDBG Funds in the form of a loan assigned by an affiliate of the DHFC (the total award not to exceed \$6,950,000.00), conditioned upon Borrower, or the entity named by the award, receiving 2023 4% Housing Tax Credit award or other funding source subject to approval of the City for the development of the Project; and (5) pursuant to the City's rights under DHFC bylaws, approve the DHFC to acquire, through its affiliate, the Property and to enter into a long-term ground lease with Borrower for the lease of the Property, pursuant to 24 CFR 570.201(a) and (b), and development of the Project, subject to compliance with all funding source requirements; and

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**WHEREAS**, the DHFC or its affiliate will enter into a long-term ground lease with the Borrower; and

**WHEREAS**, the City Council finds and determines that the transaction with the DHFC and Borrower, or their respective affiliates, should be undertaken, approves the DHFC or an affiliate thereof to purchase and own the Property using CDBG funds and enter into a long-term ground lease with Borrower or its affiliate for the development of the Project using HOME funds.

**Now, Therefore,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:**

**SECTION 1.** That the City Council hereby authorizes **(1)** the approval of the City Council of the City of Dallas, acting as the applicable elected representative as defined by Section 147(f)(2)(E) of the Code, of the issuance of the multifamily residential mortgage revenue Bonds by the DHFC in one or more series of tax-exempt Bonds in an amount not to exceed \$35,000,000.00; proceeds of the Bonds will be loaned to the Borrower to finance a portion of the cost of the construction of the Project; **(2)** the approval of the application of the Act to the Property on which the Project will be constructed and the use of proceeds of the Bonds issued by the DHFC pursuant to the Act to finance and construct the Project; **(3)** the City Manager to negotiate and execute a development loan agreement and related security documents with the DHFC or affiliate(s) thereof (together or, as applicable, individually, the DHFC) in an amount not to exceed \$3,970,000.00 in CDBG Funds to purchase and own the Property, which is anticipated to be assigned by DHFC to and assumed by the Borrower; and **(4)** the City Manager to negotiate and execute a development loan agreement and related security documents with the Borrower in a total award amount not to exceed \$6,950,000.00, comprised of (a) an amount not to exceed \$2,980,000.00 in HOME Funds for the development of the Project, and (b) an amount not to exceed \$3,970,000.00 in CDBG funds, which is anticipated to be in the form of an assignment by DHFC to and assumption by Borrower of the CDBG loan originally made by the City to the DHFC for acquisition of the Property, with such award conditioned upon Borrower receiving a 2023 4% Housing Tax Credit award (as may be carried over) or other funding source(s) subject to approval of the City; and **(5)** pursuant to the City's rights under DHFC bylaws, approve the DHFC to acquire, through its affiliate, the Property and to enter into a long-term ground lease with Borrower for the lease of the Property, pursuant to 24 CFR 570.201(a) and (b), and development of the Project, subject to compliance with all funding source requirements.

**SECTION 2.** That the approval of the issuance of the Bonds by the City of Dallas is for the sole purpose of satisfying the conditions and requirements of Section 147(f) of the Code and is not to be construed as an undertaking by the City of Dallas. The Bonds are not issued by, or on behalf of, the City of Dallas. The Bonds shall not constitute a liability, an indebtedness, or obligation of the City of Dallas nor shall any of the assets of the City

**SECTION 2.** (continued)

of Dallas be pledged to pay the Bonds. The City's name will not appear on the Bonds. The Bonds shall specifically provide that the Bonds are not a debt of the City of Dallas, Dallas County, or the State of Texas and that the City of Dallas, Dallas County, and State of Texas are not liable with respect to the Bonds. The City of Dallas is not responsible for the payment of the Bond obligations nor to fulfill DHFC's authority under any documents related to the Project.

**SECTION 3.** That notice of the TEFRA public hearing with respect to the Bonds and the Project was published in the *Dallas Morning News* on March 31, 2025, and on April 7, 2025, the public hearing was held with no outside participants in attendance, and thus no comments made.

**SECTION 4.** That to the extent applicable, the City Council of the City of Dallas hereby approves the application of the Act to the Property on which the Project will be acquired and renovated and grants its approval for the use of proceeds of Bonds issued by the DHFC pursuant to the Act to finance construction of the Project.

**SECTION 5.** That the City Manager is hereby authorized to execute a development loan agreement with Borrower and with the DHFC, whether in the form of one or more agreements with each party or a single agreement including any financing and associated documents related to the loan agreement(s), applicable subordinations to third-party financial institution lien(s), and release of liens and termination of deed restrictions on the Property upon satisfaction of all applicable conditions, approved as to form by the City Attorney and subject to compliance with associated funding source requirements. The Director of Housing and Community Development (Director) may extend deadlines up to two (2) years.

**SECTION 6.** That, pursuant to the development loan agreement, the Borrower must provide 22 of the 200 units in the Project to be made available to households earning 0.00% - 30.00% of the Area Median Income (AMI), 20 of the 200 units to households earning 31.00% - 50.00% of AMI, 120 of the 200 units to households earning 51.00% - 60.00% of AMI, and 38 of the 200 units to households earning 61.00% - 70.00% of AMI, meeting the CDBG affordability requirement that 51.00% of total units in the Project be reserved for households earning at or below 80.00% of AMI. Additionally, as a requirement of the HOME funding, the borrower must provide 12 HOME-assisted units consisting of 9 High HOME and 3 Low HOME units. All units in the Project are federally-assisted units and must remain affordable for a minimum of 20 years. There will be no market rate units. The Director may authorize minor changes to the affordable unit mix so long as the revised unit mix adheres to the DHP33 and the DHRC and the Project maintains a fundable NOFA score. Borrower must comply with Chapter 20A of the Dallas City Code, as amended, regarding the non-discriminatory treatment of housing voucher holders and lease the required number of units to voucher holders for the required time

**SECTION 6.** (continued)

period. These affordable voucher units must be dispersed throughout the residential buildings of the Project and not concentrated to any one floor or area of any building(s) and shall have identical finish out and materials as non-voucher units in the Project.

**SECTION 7.** CDBG funds will be used for acquisition of the Property and HOME funds will be used for vertical construction costs of the Project such as framing, roofing, carpentry, and other eligible costs, as allowed by applicable federal regulations governing the use of the funds. All funds will be provided on a reimbursable basis.

The City of Dallas HOME and CDBG loans are repayable by Borrower subject to the following terms:

- A. The term of the loans shall be 40 years beginning from the effective date and ending on the maturity date. The maturity date and the repayment schedule shall be defined/detailed in the loan agreement(s) and other financing documents for the loans, in accordance with the DHP33 and DHRC;
- B. Borrower shall complete construction of the 200 units within two (2) years of the execution date of the loan agreement(s), which time period may be extended by the Director for up to two (2) years (unless prohibited by the applicable funding source requirements);
- C. The unit mix will include 40 one-bedroom apartments, 100 two-bedroom apartments, and 60 three-bedroom apartments. The requirements of this subsection may be modified by the Director where permitted by the applicable CDBG and HOME regulations, in accordance with the DHP33 and DHRC;
- D. Anticipated loan repayment installments are based on a 40 year amortization schedule, with an interest rate of one percent simple annual interest, with all unpaid principal and interest due in full at maturity;
- E. Borrower must, for the HOME loan made to Borrower by the City, execute a promissory note(s) for the total HOME loan amount and, for the CDBG loan originally made to the DHFC by the City for acquisition of the Property, assume the CDBG loan and promissory note from the DHFC and execute any amendments or other documents associated with the assignment and assumption of the CDBG loan;
- F. The Borrower, as ground lessee of the Property, shall execute and record deed restrictions (or regulatory agreement, if applicable, as determined by the Director) on the Property and Project to secure the 20-year affordability period for the affordable units and the 15-year voucher period requiring Borrower to use its best efforts to lease up to 10% of the units in the Project to holders of housing vouchers pursuant to Chapter 20A of the Dallas City Code and the DHP33 and DHRC. The City's deed restrictions may be subordinated to deed

**SECTION 7. (continued)**

- restrictions issued by the Texas Department of Housing and Community Affairs (TDHCA), the U.S. Department of Housing and Urban Development (HUD) and/or to other third-party financing (without waiving compliance with any requirements of the City's deed restrictions) provided that the City's deed restrictions or regulatory agreement, as applicable, have priority over all monetary liens;
- G. Borrower, as ground lessee, shall execute and record a deed of trust on its interest in the Property and Project, including the leasehold and all improvements, to secure payment and performance of the HOME and CDBG loans and the loan agreement(s), which will be released once the loans are repaid and all terms and conditions of the CDBG and HOME loan agreements are met;
  - H. The City's lien securing the loans may be subordinated to a financial institution's lien provided that: i) the City's deed restrictions or regulatory agreement, as applicable, have priority over any monetary liens and ii) any such subordination is in compliance with the requirements of the DHP33 and DHRC. In the event one or more subordination agreements are required, the City agrees to provide the subordination agreement(s) in a form acceptable to the City;
  - I. The Borrower shall provide guarantees, including a completion and operating deficit guaranty, for the loan agreement(s) from Borrower or other guarantors as required by the Director based on underwriting and in accordance with the DHP33 and DHRC;
  - J. Borrower must provide payment and performance bonds or guarantees, or acceptable equivalent methods of guarantees, as required by the Director, to the City in the total amount of the construction of the Project;
  - K. Repayment of loan principal and interest shall be made in the form of an annual surplus cash payment. The City's surplus cash loan funding will be structured with note provisions requiring that at least 50 percent of Borrower's Eligible Cash, as defined in the DHP33 and DHRC, in excess of \$50,000.00 be paid annually to subordinate lenders (including funding partners and related parties) on a prorated basis. The City loan repayment provisions may be altered based on underwriting or, as approved by the Director, a company operating agreement for the Borrower or repayment requirements for senior financing in accordance with the DHP33, DHRC, and applicable funding source requirements;
  - L. The CDBG and HOME loans shall each be a nonrecourse loan, as detailed in the loan agreement(s), and the City's remedy is limited to foreclosure only, in the event of an uncured default; and
  - M. Although the term of the CDBG and HOME loans are anticipated to be for a

**SECTION 7.** (continued)

period of 40 years, the Director may adjust the period of years, subject to the applicable federal regulations, DHP33 and DHRC, so that it is of such length as required by the senior lender but not longer than 12 months after the term of the senior loan.

**SECTION 8.** The City of Dallas CDBG loan to the DHFC, which is anticipated to be assigned to and assumed by Borrower, is repayable and is subject to the following terms:

- A. The term of the loan shall be 40 years beginning from the effective date and ending on the maturity date. The maturity date and the repayment schedule shall be defined/detailed in the loan agreement and other financing documents for the loan, in accordance with the DHP33 and DHRC;
- B. DHFC shall cause Borrower to complete construction of the Project within two (2) years of the execution date of the loan agreement, which time period may be extended by the Director for up to two (2) years (unless prohibited by the applicable regulations);
- C. The unit mix of the Project on the Property will include 40 one-bedroom apartments, 100 two-bedroom apartments, and 60 three-bedroom apartments. The requirements of this subsection may be modified by the Director were permitted by the applicable CDBG regulations in accordance with the DHP33 and DHRC;
- D. Anticipated loan repayment installments are based on an amortization schedule of 40 years, with an interest rate of one percent simple annual interest, with all unpaid principal and interest due in full at maturity;
- E. DHFC must execute a promissory note(s) for the total CDBG loan amount, which CDBG loan and note are anticipated to be assigned to and assumed by the Borrower;
- F. DHFC, as owner of the Property, shall execute and record deed restrictions on the Property (which may be by separate instrument or combined with the instrument to be granted by the Borrower, as ground lessee, described in Section 4(F) above) to secure the 20-year affordability period for the affordable units and the 15-year voucher period for the requirement to make best efforts to lease up to 10% of the units to holders of housing vouchers pursuant to Chapter 20A of the Dallas City Code and the DHP33 and DHRC. The deed restrictions may be subordinate to deed restrictions issued by TDHCA, HUD and/or to other third-party financing (without waiving compliance with the City deed restrictions) provided that the City's deed restrictions or regulatory agreement, as applicable, have priority over any monetary liens, and shall be recorded;
- G. The DHFC, as owner of the Property, shall execute and record a deed of trust

**SECTION 8.** (continued)

- on the Property, including any interest in the leasehold and all improvements, to secure payment and performance of the loan, which will be released once all terms and conditions of the loan agreement are met;
- H. Repayment of loan principal and interest shall be made in the form of an annual surplus cash payment. The City's surplus cash loan funding will be structured with note provisions requiring annual repayment installments, each in an amount equal to at least 50.00% of Borrower's (as DHFC's anticipated successor by assignment) Eligible Cash, as defined in the DHP33 and DHRC, in excess of \$50,000.00 as prorated among the subordinate lenders (including funding partners and related parties). The City loan repayment provisions may be altered based on underwriting or as approved by the Director, a company operating agreement for the Borrower or repayment requirements for senior financing in accordance with the DHP33, DHRC, and applicable funding source requirements;
  - I. The CDBG loan is a nonrecourse loan, as detailed in the loan agreement, and the City's remedy is limited to foreclosure only, in the event of an uncured default;
  - J. Although the term of the loan is anticipated to be for a period of 40 years, the Director may adjust the period of years, subject to the applicable federal regulations, DHP33 and DHRC, so that it is of such length as required by the senior lender of the DHFC or its affiliate as owner of the Property, but not longer than 12 months after the term of the senior loan;
  - K. DHFC shall purchase and own the land and enter into a long-term ground lease with Borrower.

**SECTION 9.** That the City of Dallas loan agreements are conditioned upon:

- A. Project receiving 2023 4% Non-Competitive housing tax credit allocation from TDHCA (as may be carried over) or other City-approved funding source(s);
- B. Approval of equity, construction, and permanent financing and documentation in a form acceptable to the City; and
- C. Satisfaction of HUD and other applicable federal requirements including environmental review, site and neighborhood standards, cost reasonableness, subsidy layering, and underwriting; and
- D. Borrower shall make a good faith effort to comply with the City's Business Inclusion and Development goal of 32 percent participation by certified Minority/Women-owned Business Enterprises for all hard construction expenditures of the Project (i.e., public and private improvements) and meet all reporting requirements of the City of Dallas Office of Business Diversity; and
- E. All conditions listed in the DHP33 and DHRC for applicable developer



**SECTION 9.** (continued)

- programs; and
- F. Final underwriting; and
- G. Closing on equity and all other financing for the development.

**SECTION 10.** That the DHFC is authorized to purchase and own the Property and enter into a long-term ground lease with Borrower for development of the Project, conditioned on Borrower receiving a 2023 4% housing tax credit award (as may be carried over) or other City-approved financing source(s).

**SECTION 11.** That the City Manager is authorized to obligate the Borrower to make payment for the City's outside counsel legal fees for the drafting and negotiation of the loan agreement and any related financing, subordination and associated documents for the Project, approved as to form by the City Attorney (the Loan Documents), directly to the City's outside legal counsel on the date that all of the financing for construction of the Project and execution of the Loan Documents, as approved by the City, the Borrower's other lenders and all necessary parties, other than the federal funds (the Closing) takes place. In the event that the Closing does not occur, then Borrower is obligated to pay the City an amount equal to the City's outside legal fees incurred by the City to draft and negotiate the Loan Documents within thirty days of the date on which the Closing was to occur.

**SECTION 12.** That the Chief Financial Officer is hereby authorized disburse funds in an amount not to exceed \$2,980,000.00 HOME funds to Generation Housing Partners or its affiliate TX Illinois 2024, Ltd. (VC0000034222), and an amount not to exceed \$3,970,000.00 in CDBG funds to the DHFC Vendor 255006, or its affiliate for eligible expenditures and accepts supporting evidence as defined in the agreements from funding sources listed and described, as follows:

<u>Fund</u>	<u>Department</u>	<u>Unit</u>	<u>Object</u>	<u>Amount</u>
CD23	HOU	707J	3015	\$2,638,224.00
CD24	HOU	804K	3015	\$1,331,776.00
HM22	HOU	622G	3014	\$ 978,671.53
HM23	HOU	721J	3015	\$2,001,328.47

**SECTION 13.** That it is FURTHER RESOLVED that the City of Dallas hereby confirms that its Governing Body has voted specifically to authorize the Project to move forward.

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**SECTION 14.** That the Chief Financial Officer is hereby authorized to record notes receivable - developers loan in Balance Sheet Account 033F and deferred revenue in Balance Sheet Account 050A for the amount of the loan in Section 8.

**SECTION 15.** That the Chief Financial Officer is hereby authorized upon receipt of payment on the notes receivable to record principal payment revenue in CDBG, and HOME Program Income, Fund HUPI, Department HOU, Unit 994G, Revenue Code 8520 and interest payment revenue in CDBG Program Income, Fund HUPI, Department HOU, Unit 6317, Revenue Source Code 8521.

**SECTION 16.** That it is FURTHER RESOLVED that for and on behalf of the Governing Body, the Mayor or the City Manager are hereby authorized, empowered and directed to certify this resolution to the Texas Department of Housing and Community Affairs.

**SECTION 17.** That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

**SECTION 18.** That this resolution does not constitute a binding agreement upon the City or subject the City to any liability or obligation until such time as the loan and security documents are duly approved by all parties and executed.

**SECTION 19.** That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.